

Customer Engagement Influences On Buying Decision in an Online Context – A Review

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ABSTRACT

There is a shift in the way consumers now search for information when they buy a product. The reviews that are posted online and information given by a customer through their reviews feedbacks have influence on a customer's buying decision. This in turn influences brand loyalty for that product. A customer who is emotionally and psychological attached with a company / brand would give positive reference and influence a customer's decision who is looking to buy the product. This gives rise to the need to understand how customer engagement (emotional, cognitive and behavioural state) influences purchase decision and further brand loyalty. Thus, understanding the process of customer engagement and its role in buying decision will help academicians and companies in developing it as a concept and towards formation of a theory. Although a lot work has been done in theory development, it is still in infancy stage and influence of customer engagement on buying decision and its further influence on brand loyalty has not been studied so far. This study will not only contribute to the body of knowledge but would also throw light on the concept of Customer Engagement and its influence on buying decision.

Keyword: Buying Decision, Customer Engagement, Online Review

I. INTRODUCTION

Customers are the central part of any marketing activity. Research thus is directed at their behaviour trying to find what satisfies them, how they react to a transaction, This, develops in to a system of data. Marketers analyse the data and developed various metrics like customer lifetime value, share of wallet etc. These measures were used to design various marketing plans. These plans were aimed at enhancing customer satisfaction that would aim at repeat buying and translate into brand loyalty.

Customer satisfaction and service quality proved to be important constructs in marketing (Sureshchandran, Rajendran and Ananthraman 2002). Companies rely on satisfaction with a belief that customers will be loyal, there will be repeat purchase and customers will give positive reference (Allen and Willburn 2002 Anderson and Mittal 2000 Heskett et al. 1994 Mittal and Kamakura 2001). However, satisfaction is not entirely explaining the loyalty. Besides, satisfaction as a measure is failing to differentiate between brand loyalty and inertia repeat purchase and has gathered a lot of criticism (Giese and Cote 2000, Oliver 1997). Reasons largely lie in the approaches to measure satisfaction that fail to report the emotional attachments. Other way to look at it is that customer satisfaction is important in building brand loyalty but satisfaction alone does not need to brand loyalty. Hence one may say that there is another mechanism that contributes to satisfaction and leads to brand loyalty.

There is a need of another measurement model that accounts for depth of customers emotional responses to consumption that recognises the customer brand relationship. This must have increased with customer experience and evaluation over a period of time. A framework for the process of engagement, engagement incorporates loyalty that a customer develops while moving through journey of being a customer, this is gathered through experience and toward loyalty through satisfaction, delight, trust, involvement, and commitment has been provided by Bowden 2009

To build on this gap of understanding the journey of loyal customer that satisfaction alone is not able to explain researchers need to look at the other mechanisms. This could be explained with the help of customer engagement (Bowden 2009, HollBeek 2011, Vivek, Beatty, Morgan, 2012).

Post 2010 Customer engagement (hereafter referred as CE) has been mentioned as a key research priority for the period 2010-2012 by MSI the Marketing Science Institute and Journal of Service Research Special Issue titled "Customer Engagement" that marked beginning of research in this area. There is an explosion of

interest for both academics and business areas. Initially the researchers tried to understand the way ‘engagement’ has been used in other disciplines (Brodie et al., 2011).

Based on a report by Gallup Consulting fully engaged customers represent a 23 percent premium on an index based on share of wallet, profitability, revenue and relationship growth.

In retail banking industry fully engaged customer bring in 37% more annual income.

In consumer electronics engaged shoppers made 44% more and spent more on the brand as compared to disengaged shopper.

From the above reasons as stated in the Gallup report clearly proves the growing interest of researchers academicians and practitioners interest in the customer engagement. CE thus builds up great references, the voluntary ones tend to be trustworthy. References become influential in buying decision for the potential as well as existing customers and are great avenues for increase in purchase and building brand loyalty.

II. LITERATURE REVIEW

Understanding Customer engagement and its scope

CE is now getting recognised as an important construct in marketing literature hence it is important to understand customer engagement to understand what influence a loyal behaviour that satisfaction is unable to explain (Bowden 2009 Vivek, Beatty, Morgan, 2012). Although “Customer engagement” is not new and has been mentioned in previously in literature yet is not very well defined in marketing literature. Why customer engagement because an engaged customer become promoter of a business by positive word of mouth, referrals, posting on the web, giving higher

In fact, customer engagement is now being accepted as a multidimensional concept involving cognitive, emotional, and behavioural dimensions ((Brodie et al., 2011), (Pansari and Kumar, 2016). Theoretical foundation is derived from relationship marketing theory and Service dominant logic (Vargo and Lusch, 2004, 2008) (Brodie et al., 2011) (Vivek, Beatty, Morgan, 2012). A broad definition as given by (Brodie et al., 2011) pinpoints that it is interactive cocreative with a focal object under certain context, iterative, plays a central role, has other relational concepts as antecedents, and is multidimensional. As per the definition the CE construct of consumer engagement is conceptualized as a customer’s psychological connections in focal service relationship with a specific service provider and/or brand (Brodie et al., 2011), engagement allows customer to go beyond purchase and become more loyal to the brand/organisation (Vivek et al., 2012) (Figure 1). An engaged customer thus goes beyond the core economic transaction and can have cascading benefits of referrals, corporate performance, sales, profitability and thus give the firm a competitive edge (Brodie et al., 2011) (Vivek et al., 2012) (Pansari, Kumar, 2016).

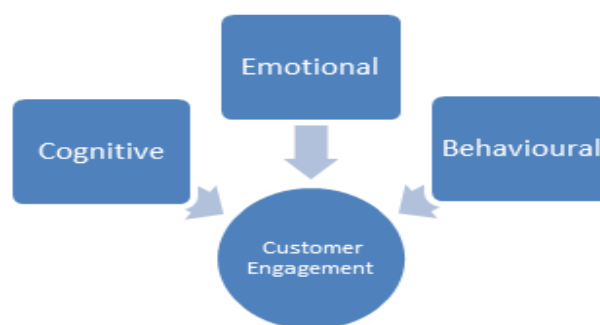


Figure-1

The gaps in relevant literature clearly states the need for a study to establish relationship between various related constructs. The study of the relationship among these variables in service contexts is need of the hour (Pansari and Kumar 2016). Gap as indicated: “How CE relates to consumption and purchase” Customer Engagement: Opportunities and Challenges for Organizations, Ruth N. Bolton and its influence on brand loyalty is also being studied through this paper in a review format. This needs further empirical testing.

III. HOW DOES CE MANIFEST ITSELF IN ONLINE SCENARIO

AS per Brodie CE is a multidimensional construct hence it is important to understand how does CE manifest itself. Companies find it important to study the non-transactional behaviour of customer besides the transactional as it helps in understanding reasons behind taking certain decisions by the customer and explains emotions of a customer and his resonance with the brand. P. C. Verhoef, W. J. Reinartz and M. Krafft 2010.

Previous research has helped in understanding the nature and scope of customer engagement. Besides enriching knowledge about engagement this also helps in delineating it from the Customer Relationship Management and extending it to co creating value. Wherein relationship go beyond purchase and co create value for the companies by giving references and writing review which become strong basis and influential statements to other customers or potential customers (J V. Kumar, L. Aksoy, B. Donkers, R. Venkatesan, T. Wiesel, and S. Tillmanns 2010) (Vivek 2010)

With the use of social media online content and rapid ways to communicate with each other customers have built a community thus companies need to address this new change and find ways of building relationship and engaging customers that can also help in building a competitive advantage. With social media, platforms for online review there is emergence of new customer company relationship, similarly there is emergence of customer to customer relationship that was not so obvious in an offline scenario. This initiates need for a different marketing program to address the online buying behaviour. T Hennig 2010

To consolidate the understanding from literature, CE is customer's behavioural response to a firm by means of word of mouth, blogging, or giving ratings for a product or brand (Verhoef et al. 2010), customers recommendations, webpostings, contributions of customer's resource to help a firm to develop its offering. How these contributions made by a customer benefit the firm, these create stronger trustworthy referrals and helps reach out potential customers through the social network of existing customers. Besides they become spokesperson for the firm's offering. This happens as the customers are highly involved with brand/product and make an emotional bond with the product / brand. (Bowden 2009, Hollebeek 2011, Brodie 2011, So, King, Sparks and Wang 2015). This also emphasises the multidimensionality aspect, wherein all dimensions together capture true nature of CE.

CE is contextual, multidimensional, could be initiated by company or customer. It can be seen as a behaviour outside the core economic transaction (Vivek 2012, Harmelling 2017)

In the process of customer engagement, the customers also devote their resources while building relationships with the focal company. In this way the cocreate value for the company (Vargo Lusch 2004, Brodie 2011). CE happens to be a voluntary act by the customer and is therefore, more effective than other medium of communication adopted by companies through their marketing activity (de Matos and Rossi 2008).

Relationship marketing is an important aspect of service marketing. Relationship are evolving in the business scenario and customers are becoming cocreators and actively contribute in marketing functions. Thus, there is a transfer of control to customers has been confirmed by many in research (Harmeling, Moffet, Carlson, 2017). Companies invest in strategic efforts to engage customers and dedicate resources to engagement marketing. Customer engagement go beyond the core economic activity and contributes to sales, profit and developing a competitive edge for the firm. (Brodie et al., 2011).

Vivek et al. have identified the difference in the views of practitioners and academicians. Practitioners view this as repeated interactions that creates a bond between customer and a brand.

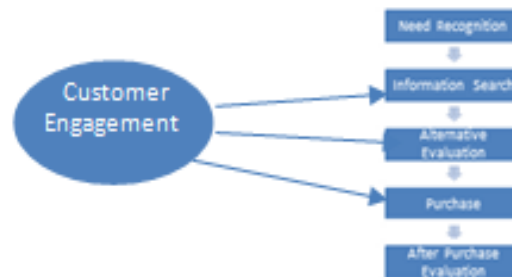
IV. HOW DOES CE INFLUENCE BUYING DECISION ONLINE

Shift in way of searching information due to customer engagement can be seen in recent times. More and more consumers are turning to internet to make a decision to purchase. In other words, they look for review from users to arrive at a decision about purchasing a product or commodity. Similarly, more and more products are now being sold on the online platform.

Hence one can say that if a company focusses on an engagement program and develops marketing tools to engage customer would result in stronger loyalty and possibility of spreading positive reference. In other words, when a company attempts to engage customers after the post purchase the customers would give a

positive reference. When the customers leave a positive reference or ratings this prompts a potential customer who is looking for reviews and trying to search for what other customers say about the product he is planning to buy.

Based on the consumer buying decision model influence of customer engagement needs to be assessed (Teo, Yeung 2003). We would propose strong influence of customer engagement at three stages Information search, Alternative evaluation and Purchase. With information search as mentioned earlier customers first seek information online and check reviews. As in case of offline information search customers do an alternative evaluation of product and services in their choice set. Reviews and information the web thus becomes a strong influencing factor for making purchase. Companies need to strengthen experience at these touchpoints and keep monitoring communication.



As mentioned earlier a greater number of transactions are happening online with more number of products being added to the list of products being sold online. From clothes electronic goods to food products online grocery its now extending to cosmetics medicines etc. Companies are now trying to communicate to their customers and potential customers about their products, promotions and other such information. They also involve customers as a part of their communication by inviting ideas, stories, write -ups for their products and services. The speed and connectivity that internet offers make it possible for customers and companies to be in touch and spread communication with a rapid speed and ease. The online space is now growing with number of sellers and buyers on the rise and additions being made to the range of products.

According to PwC's Annual Global Total Retail Consumer Survey 2015, over 19,000 online shoppers in 19 different territories had participated in the Survey, which asked the consumers about their purchasing preferences, use of different shopping channels. As per this survey about one in three (36%) of the global sample went to a physical store at least weekly.

As per Kimberlee Morrison survey conducted in Nov 28, 2014, based on this survey 81% of shoppers conduct online research before they make a purchase. 60% begin by using a search engine to find the products they want, and 61 percent will read product reviews before making any purchase. A consumer will visit three stores before purchasing a product on an average. Thus, reviews drive the purchase decision making

Another report from Ecommerce Foundation has found out that 88% of consumers research products online before buying in -store hence one can say that there is omnichannel approach to shopping. The manufacturer has thus rightly given a choice of pick up in store and about 68% have expressed satisfaction in-store pick up.

A study from Bazaarvoice showed that in-store shopping behaviour is influenced by research online. The ROBO (research online buy offline showed that 82% smartphone users check through their smartphones before making an in-store purchase and 45% read review before making purchase.

The above clearly demonstrates that influence of CE through reviews, ratings webpostings and eWOM. These contribute to knowledge, sparks a sense of purchase at times, and inspires action for a potential customer who is looking to buy the product.

Although there are consumer behaviour theories in place the new way of transacting in an interactive setting is different and needs to be explained.

V. DISCUSSION POINTS AND CONCLUSIONS

Study of literature has opened up a vast arena for future research. In spite of conceptual studies and exploratory studies on customer engagement the empirical studies are very limited, rightly so as the concept of customer engagement is still in infancy stage.

Thus, companies need to understand the new way of connecting with customers and new network developed online wherein consumers can communicate with other customers and company at the same time. This becomes challenging as the not every customer would give a positive review thus the companies have to ensure that the right voice reaches the potential customer. A post on social media is far more powerful than the one available on companies' website. Thus, companies need to work on experience that can drive such WOM, ask for reviews on social media pages and ensure that customer delight drives the satisfaction to a level of engagement where in an existing customer could help the business sell and spread their reach.

Besides communication companies also look at the experience building exercise so that it results in a positive experience for the existing customer. There is a difference in the way transaction happens online and offline companies need to take a note of that and incorporate the same to build a positive customer experience that leads to customer engagement and finally brand loyalty.

While building experience company has dedicate energy to make sure that product / service meets or exceeds expectation for the customer. All these go hand-in-hand, companies cannot afford to ignore any aspect, especially online where a customer's view or review could cause a ripple effect and prove all marketing efforts of the company futile. Equal amount of attention has to be given to authenticity, this could be for the product quality itself, the transaction and other aspects of the transaction.

This paper looks at the way transaction is changing, influencing power of customer engagement at various stages of transaction and its effect on consumer's buying decision. Various aspects need to be researched to see these influences as at every stage of transaction the nature of customer engagement and its level changes.

Through this paper we have tried to cover the gap indicated "How CE relates to consumption and purchase" Customer Engagement: Opportunities and Challenges for Organizations, Ruth N. Bolton and its influence on brand loyalty

Extant Literature throws light on the concept of customer engagement. However, a lot conceptual clarity is needed to move forward with this construct. The role of customer engagement for a business cannot be ignored considering its power to cocreate business and run as a parallel marketing activity. In this way it influences consumption and purchase patterns of customers Since the theory of customer engagement is still in infancy stage and very little work has been done in establishing the relationship with brand loyalty by considering the purchasing and consuming patterns. The idea of studying its influence on purchase and consumption would however add value if we also study the influence on brand loyalty. The ultimate aim for a marketer is to create brand loyalty for a brand/ product and thereby create a continuous business with customers. Several marketing strategies are adopted / created to achieve this objective.

Nevertheless, with respect to customer engagement there is a confusion regarding brand loyalty this is highlighted by Hollebeek 'while customer loyalty is viewed as a customer brand-engagement consequence in the present research (cf. the conceptual model), the concept is incorporated as an explicit customer-engagement dimension in the CE11 metric (Appelbaum, 2001)' p 801. Therefore, further conceptual refinement in order to establish and clarify the nature of the customer brand engagement/loyalty relationship. Brodie 2011, Kumar 2012.

This research also needs to be studied and empirically validate relationships between customer engagement and brand loyalty while studying its influence on purchase decision. This study will benefit both academicians and practitioners, by adding clarity to the concept and defining relationships with other constructs for academicians. By understanding the mediating and moderating effects of constructs in the model the practitioners can develop customer engagement marketing programs based on relationship and devote resources to the such marketing activities.

This study will add greater value when influence of CE on purchase and is studied while analysing CE's influence on brand loyalty

In analysing the purchase decision, we would be able to unravel the unstructured processes customers follow to make their decisions. The effect it has on the brand loyalty. This would contribute to the theory of customer engagement by explaining its effect on customers way of looking for information and the role it plays in brand loyalty. The aspect of brand loyalty definitely needs clarification as clarified in Hollebeek 2012. This is a review paper and thus needs further empirical testing of this model.

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Undertaking: I would also undertake the fact that this paper has not been published and is not under any review or consideration anywhere.